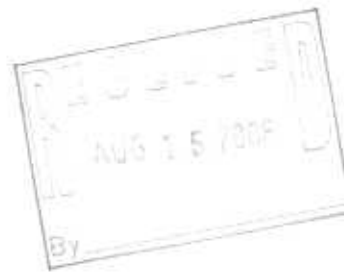




August 10, 2006



The Honorable A.G. Kawamura
California Secretary of Agriculture
1220 "N" St.
Sacramento, CA 95814

Dear Secretary Kawamura:

The California Apple Commission, a state marketing order that represents approximately 4 million fresh apples, would like to take the opportunity to follow-up on comments made during the latest California Department of Food and Agriculture's workshops for the 2007 Farm Bill. Specifically, the Commission has three areas that the California apple industry would like to see put into the 2007 Farm Bill. These include: Market Access Program (MAP) and Technical Assistance for Specialty Crop (TASC) funding; additional funding for prevention against invasive pests and diseases; and the need for additional research dollars.

MAP & TASC Dollars Important to the California Apple Industry

Market Access Program and Technical Assistance for Specialty Crop dollars are essential in providing market access to California agriculture. These dollars have assisted the California apple industry time and time again.

As you may know, California is the fourth largest producer and the second largest exporter of apples in the nation. In fact, over one-third of the California apple industry exports their apples to another country. These countries include: Canada, Taiwan, Malaysia, UK, Panama and Mexico.

Mexico

Four years ago, California was granted access into Mexico for the shipment of apples. With a new market opening for the California apple industry, growers and packers needed to be educated on the Mexican phytosanitary requirements. However, with the new market the industry had very little financial assistance to begin the training needed to implement the work plan.



Thanks to the California Department of Food and Agriculture in providing state TASC funding to the California Apple Commission, the apple industry was able to have the resources to begin meeting the Mexico work plan. By the second year of implementation, California shipped 6,000 boxes to Mexico. Last year, California doubled the amount of apples shipped. Today, thanks to the TASC funding, California has been granted a fumigation option and has the potential to double shipments to Mexico for the 2006-2007 season.

In addition to TASC dollars for Mexico, the Commission has been working with the U.S. Apple Export Council in obtaining MAP dollars. As a result, California has funded two Mexican reverse trade missions, which have provided an opportunity for California apple producers to meet with buyers. These missions have been successful in educating buyers on the quality of California apples while bringing together producers and buyers in expanding trade. Without these dollars, Mexico would not have been a market for the California apple industry. Specifically, these dollars have allowed California apple producers an excellent market for the 2006 season.

Taiwan

Taiwan has proven to be another tremendous success story for California. Thanks to the MAP dollars provided, California was able to have a representative in Taiwan and educate the buyers on the latest developments for pest and disease problems.

In 2004 -2005, Taiwan shut down the US apple market due to the discovery of three live codling moths in Taiwan. From December 2004 – April 2005, the U.S. apple industry could not ship a single box of fresh apples to Taiwan. Soon after, Taiwan renegotiated a phytosanitary work plan with the U.S. However, consumer confidence was shaken due to the large media play on the issue. With the assistance of MAP funds, California was able to hire a representative in Taiwan that went to the buyers and restored consumer confidence in the California market. Today, California's representative continues to update California on the latest governmental proposals, consumer ideas and buyers opinions on the purchasing of apples.

Overall, TASC and MAP funds have provided the needed resources to gain market access and continue to educate the consumer and buyers on the importance of a healthy product. These funds have assisted the California apple industry tremendously and should continue to be funded to assist the apple industry and other commodities that export.

ADDITIONAL PEST & DISEASE DOLLARS NEEDED

As California continues to be a major player in the global economy, prevention of the introduction of pests and diseases within the state has become more challenging. Just this year, California has found several exotic pests within the state including: southeast Asian fruit fly, Mexican fruit fly and Oriental Fruit Fly, just to name a few.

As pest and disease pressures increase, the industry becomes entangled in a phytosanitary web of requirements, regulations and potential market loss. In addition, if the industry loses markets, farmlands will be sold, jobs across the farming spectrum will be lost and increased pressures will be placed on the environment. It is essential that pest and disease dollars provide a means to protect agriculture against foreign pests and diseases. Dollars are needed to ensure that alternatives that are safer to the environment and are effective replacements for older crop protection tools are approved. These alternatives may include new Integrated Pest Management (IPM) strategies, approval of new materials, or better farming sanitary practices. As an industry and as a government, we need to continue to utilize our resources for preventing the introduction of exotic pests and diseases.

RESEARCH

Investment today yields benefits tomorrow. Our foreign competitors recognize this and a failure to adequately invest in research places the U.S. at a competitive disadvantage. In a rapidly changing and dynamic international marketplace, U.S. specialty crop producers continue to face high production costs and great transportation challenges. Additionally, specialty crop growers require niche-marketing programs and they have limited access to crop protection tools. Federal research dollars will help with the production, harvesting, marketing and distribution of high quality products, and in turn will help bring domestically produced fruits, vegetables and other specialty crops to the tables of more American families.

Of particular interest to apple growers are research programs that improve labor productivity, rootstocks and varietal selection, production efficiency, fruit quality, and address other challenges to the future competitiveness of the industry. The Commission continues to support proposals to mandate an emphasis on specialty crop research as part of the National Research Initiative (NRI) and to establish grant programs within USDA with the goal of improving the efficiency and competitiveness of specialty crop producers.

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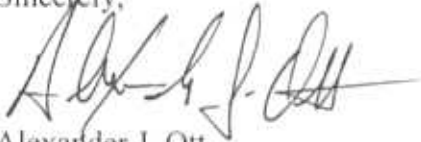
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CONCLUSION

As Congress begins to debate the 2007 Farm Bill, it is essential that these three areas are addressed. Farmers producing food in the 21st century have many more challenges than their previous generations. The global market that agriculture faces is more complex due to increased competition, market availability and restrictions due to phytosanitary concerns. In order to continue to compete effectively around the world, producers need all available resources. These include additional dollars for MAP & TASC programs, pest and disease exclusion activities and research for tomorrow.

The California Apple Commission appreciates the opportunity to share its ideas regarding the 2007 Farm Bill. Should you have any questions regarding the Commission's comments, please do not hesitate to contact me at the Commission office.

Sincerely,

A handwritten signature in black ink, appearing to read "Alexander J. Ott", written over a horizontal line.

Alexander J. Ott
Executive Director